25. While, in principle, "stand alone" coinless payphones could be used, market experience demonstrates that coinless payphones are not an economically viable solution. Less than 2% of public non-inmate payphones are coinless; coinless phones are commonly used only in inmate situations where coin payphones are forbidden. Thus, the overwhelming majority of payphones will provide both competitive local coin rate calls and regulated dial-around and subscriber 800 calls. These payphones will use a common, fixed-cost facility to provide both competitive local coin rate calls and regulated calls. The same facility will provide both types of calls so that the use of the competitively determined local coin rate price to set the regulated dial-around and subscriber 800 regulated rates via an avoided cost methodology will permit both types of calls to contribute equally to the fixed cost of the commonly used facility.

IV. The Commission Should Not Attempt to Adjust the Competitive Market Outcome

26. Objections have been raised to the use of $0.35, the prevailing competitive local coin rate, to form the basis for the avoided cost calculation on the grounds that the local coin rate is always rounded to the nearest $0.05. It is argued that if the marginal payphone has a lower cost, say $0.33 per local coin call, that "economic rent" will accrue to the PSP. This argument is incorrect since no economic rent will exist for the marginal payphone under conditions of free entry.

27. Consider the situation where hypothetically the cost of a marginal payphone is $0.35 and the government eliminates a previous 7% tax on calls so that the cost now decreases to $0.33. To the extent that the price of local coin calls remains at $0.35 per call, an expansion in supply of payphones will occur so that equation (1) is satisfied again, and no above-normal profits (<u>i.e.</u>, economic rents) are present. This outcome arises because of the free entry condition. No barriers to entry or expansion exist in payphone markets. If economic rents are present, a PSP will recognize the profit opportunity and expands its

operations. Alternatively, a new PSP could enter the market to attempt to capture the above-normal profits. This competitive response of expansion or entry will drive out economic rents or above-normal profits; they will be competed away.

28. If the Commission were to attempt to adjust the competitive market outcome because of the "rounding problem", the Commission would simply replicate the problems I discussed above with respect to the inferiority of a bottoms-up calculation compared to a competitive market outcome. See supra ¶¶ 11-17. The Commission will base its calculation on limited information, which could well lead to too low a rate. Under this outcome a "first order loss" in economic welfare will result because the Commission effectively rations the supply of marginal payphones. The approximate loss in economic welfare will be the difference between the competitive price and the rationed price times the quantity consumed at the rationed price.[16] Thus, the calculation runs the risk of significantly decreasing consumer welfare. The Commission should instead rely on the market determined outcome which leads to a maximum of consumer welfare in the current situation since no significant market failure exists. Experience with rate-of-return calculations over the long history of telecommunications regulations has demonstrated the significant errors that are often made when regulators attempt to estimate the costs of providing a telecommunications service.

V. Use of Avoided Cost Analysis for Subscriber 800 Calls

29. The use of a competitively determined local coin rate on which to base an avoided cost analysis for subscriber 800 calls has been objected to because the calling party does not pay for the call. Thus, a claim is made that a market failure exists because the calling party does not face the appropriate economic incentive to choose a cheaper phone to place the call. This argument is not correct. Under the assumption that the local coin rate is

[16] The consumer welfare loss from rationing was first analyzed by the Nobel price winning economist, Sir J.R. Hicks, "The Valuation of the Social Income," Economic Journal, (1940).

determined by a competitive outcome, different local coin rates will be the outcome of factors such as the cost of supplying the coin rate phone service and consumer preferences.[17] If the cost of supplying payphone service is higher than usual for a given location, but consumers are willing to pay a higher price because of added convenience, the market outcome will lead to a maximum of consumer welfare. When a consumer places a subscriber 800 call from the payphone with a higher price, the caller is getting the added convenience that (s)he would receive when making a local coin call. Thus, the market determined local coin call price again determines the correct basis to set the regulated price for a subscriber 800 call as equation (1) and equation (2) demonstrate.

30. IXCs that supply 800 service and their subscribers will be able to decide whether they should accept the calls. Targeted call blocking will be almost universally available by the completion of the two year phase-in period. Given targeted call blocking, IXCs will be able to attempt to negotiate a different rate than the default rate set by the Commission, or to cease accepting calls for given payphones because of cost, if they do not find that the marginal benefit of accepting the calls exceeds the price of the calls. The payphone situation does not differ in any significant economic manner from the usual 800 situation where the called party, rather than the calling party, pays toll charges. The 800 subscriber determines whether it receives sufficient economic benefits to justify accepting 800 calls. In the payphone situation the price will vary across payphones, but currently the price varies for intraLATA 800 calls, interLATA intrastate 800 calls, and interstate 800 calls. A given subscriber decides which of the three categories it wants to subscribe to depending on the difference in costs and the economic benefits it receives from accepting each category of 800 calls.

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[17] During the 2 year phase-in period, a uniform nationwide prevailing local coin rate is used for the basis of the avoided cost calculation, so that this consideration does not apply.

31. Lastly, an objection has been made that subscriber 800 calls should have a lower rate than dial-around calls. I am unaware of any cost differences between the two types of calls in these proceedings that would lead to a difference in avoided costs. However, if different rates are set for the two types of calls, the likelihood of regulatory arbitrage exists. If PSPs receive a lower rate for subscriber 800 calls, carriers could set up regenerated dial-tone operation using 800 numbers to avoid the higher rate for the dial-around calls. Since PSPs have no choice whether to accept 800 calls, they would be unable to stop this regulatory arbitrage. Thus, the default rates for the two types of calls should be the same, with private negotiations leading to different rates, if indeed different costs exist. Private negotiations will permit a PSP to agree with a carrier to provide a lower rate for 800 calls while the carrier agrees not to engage in regulatory arbitrage.

I declare under the penalties of perjury under the laws of the United States that the foregoing is true and correct to the best of my knowledge.

J. A. Hausman July 10, 1998

Jerry A. Hausman

D

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Report of Arthur Andersen on Per-Call Compensation

Carl R. Geppert

July 13, 1998

Report of Arthur Andersen on Per-Call Compensation

Arthur Andersen LLP ("Arthur Andersen") was asked to perform two studies for the RBOC/GTE/SNET Payphone Coalition, which includes Ameritech Corporation, The Bell Atlantic telephone companies, BellSouth Corporation, GTE Service Corporation, Pacific Telesis Group, Southern New England Telephone Company, Southwestern Bell Telephone Company and U S WEST, ("Coalition"), in response to the FCC's June 19, 1998 Notice seeking comments on issues raised by the decision of the Court of Appeals for the District of Columbia Circuit, released on May 15, 1998.

- We calculated per-call compensation ("PCC") using the Commission's Net Avoided Cost methodology.
- We computed the Coalition's share of total public payphones in the United States for 1996 and 1997.

SECTION I: CALCULATION OF MARKET-BASED PER-CALL COMPENSATION

The Coalition asked Arthur Andersen to compute PCC based upon the Net Avoided Cost methodology. In summary, the Net Avoided Cost methodology uses the predominant local coin rate as a market rate proxy for PCC-eligible calls but deducts costs that could be "avoided" if local coin calls were not made. In addition, the Net Avoided Cost methodology adds to the proxy market rate costs that are unique to PCC-eligible calls.

A. Local Coin Rates

With the exception of New York,[1] in every major state, the prevailing local coin rate is $.35.[2] In addition, several large states currently have effective local coin rates in excess of $0.35. For example, in Illinois, Ameritech requires an initial deposit of $0.35 followed by an incremental $0.25 after the first 3 minutes of use (and every 5 minute period thereafter). Similarly, in New Jersey, Vermont and New Hampshire, Bell Atlantic requires a $0.35 initial deposit followed by an incremental $0.05-$0.10 for every three or four minutes of use after the initial period. For our purposes, we have conservatively relied upon the $0.35 rate as the market rate for local coin calls.

B. Adjustments to the Market Rate

We adjusted the local coin rate for avoided costs and costs unique to PCC-eligible calls. The avoided costs associated with local coin calls are local transport charges and coin collection and counting costs. Those costs unique to PCC-eligible calls are ANI ii digit tracking, interest on delayed PCC payments, additional PCC administrative collection costs, and PCC uncollectibles costs.

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[1] In New York, the local coin rate is $0.25 for the first 3 minutes followed by additional deposits of $0.05 for every increment of 2 minutes thereafter.

[2] Nevada, Hawaii, Montana and South Dakota have $0.25 local coin rates. Rhode Island and Connecticut have effective local coin rates greater than $0.25 (the local coin rate is $0.25 with additional deposits of $0.05-$0.25 for incremental periods).

i) Accumulation of Coalition Cost Data

We relied upon cost information provided by each Coalition member's payphone business unit for the eight and one-half months ended December 31, 1997, to quantify the necessary adjustments to the local coin rate. This information included the following:

- Volume Sensitive Costs (e.g., local transport charges)
- Station Sensitive Costs (e.g., line charges, ANI ii costs, coin collection and counting costs)

In certain cases we adjusted the Coalition's figures to reflect expenses expected to be incurred during 1998 that were not incurred during 1997.

ii) Calculation of Avoided Costs

Using the financial data and call statistics provided by each Coalition member, we computed those costs that are considered avoidable costs when per-call compensation eligible calls, rather than local coin calls, are made from the average paystation. As noted above, the avoided costs are local transport charges and coin collection and counting costs.

Only two Coalition members incur local usage charges on all of their payphones. The balance pay a flat monthly line charge (which includes local calling) or incur local charges on a portion of payphones. For those Coalition members who pay local usage on all payphones, the average per-call charge is $0.06. Taking into account the balance of the Coalition which pays no or minimal local transport charges, the average local usage charge is consistent with the Commission's earlier findings of $0.025-$0.03 per call.[3]

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[3] See, Second Report and Order Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, 13 FCC Rcd 1778, 1802-03 (1997), at 54 [hereinafter "Second Report and Order"].

Our updated findings regarding coin collection and counting costs are similar to those discussed in our August 26, 1997, report.[4] In summary, the Coalition average per-call avoided cost of coin collection and counting is $0.02. This figure is, in fact, overstated in that we have allocated the cost of coin collection equally across all sent-paid call types. The avoided cost associated with local sent-paid calls would decrease if we allocated coin collection costs more heavily to intraLATA or interLATA calls, which require additional coins.

iii) Costs Exclusive to PCC-Eligible Calls

Our calculation of avoided costs also takes into consideration costs that are unique to PCC-eligible calls. This includes ANI ii digit tracking, interest on delayed PCC payments, additional PCC collection administration expenses, and bad debt on PCC receivables.

- ANI ii: PSPs must now pay LEC charges related to ANI ii digit tracking technology. In general, Coalition members pay (or expect to pay) $1.17-$2.45 per month, per line for ANI ii technology.[5] Using the Commission's estimate of 116 access code and subscriber 800 calls per marginal phone[6], the ANI ii line charges translates into a per-call cost of $0.010 to $0.021.
- Interest on Delayed Payments: The timeliness of PCC receipts is drastically different from that associated with local coin calls. Given the current FCC guidelines regarding PCC invoicing and remittances, PCC payments are delayed up to six months from the time the PCC-eligible call was completed. For example, payphone service providers ("PSPs") do not receive compensation for PCC-eligible completed calls made on

[4] See, Comments of the RBOC/GTE/SNET Payphone Coalition, "Report of Arthur Andersen on Per-Call Compensation and Cost Calculation", Carl R. Geppert (August 26, 1997), at pg. 4.
[5] Coalition members provided us with actual tariffed rates or their best estimate of the ANI ii tariff rate. Most ANI ii tariffs extend for two years; we understand that one tariff extends for one year.
[6] See, Second Report and Order, at 50, fn. 132.

January 1, 1998, until June 30, 1998. That period may be extended due to circumstances beyond the PSPs' control (e.g., a second PSP mistakenly submitting an invoice for the same payphone or the LEC inadvertently not sending its ANI list to the carriers).

Assuming that coins are collected from each payphone once per month, we calculated the interest on delayed PCC payment as follows (assuming PCC of $0.284).

	Month 1	Month 2	Month 3
PCC	$0.284	$0.284	$0.284
Interest Rate[7]	11.25%	11.25%	11.25%
Months Delayed in Comparison to Coin Collections	5	4	3
Weighting	33%	33%	33%
Monthly Total	$0.004	$0.004	$0.003
Total			$0.011

- Additional Collection Costs: Treating the cost of collecting coins from payphones as an avoided cost mandates that we include any incremental administrative collection costs associated with PCC. Over the past year, Coalition members have implemented new systems designed to create PCC invoices, account for PCC cash receipts and reconcile internally generated call counts with those produced by carriers. In addition, Coalition members have hired new staff to maintain these systems and administer the invoicing, collections and reconciliation processes. We asked Coalition members to quantify their recurring costs of administering the PCC process. Each member responded with incremental headcount and systems costs they currently pay or expect to pay in the near future.

Coalition members responded with administrative collection expenses ranging from $100,000 to $2.2 million for the eight and one-half months ended December 31,

[7] Id., at 60.

1997, depending upon the size of the members' operations. Converting the total dollars to a per-call amount (using the FCC's estimate of the number of access code and subscriber 800 calls completed from a marginal payphone) results in a range of $0.0005 to $0.008 per call.

- Uncollectible Costs: The bad debt associated with local coin calls (i.e., 0%) is expectedly different from PCC. While we understand that the credit-worthiness of most carriers paying PCC is extremely high, a certain portion of PCC receivables will go uncollected due to smaller carriers refusing to pay, ANI disputes, and carriers remitting payment for less than the total number of PCC-eligible calls carried.

Unfortunately, PSPs are at a disadvantage in proving the actual uncollectible rate associated with PCC. PSPs have yet to receive full payment from carriers and, consequently, cannot calculate the bad debt on PCC revenue. The FCC, in its Second Report and Order, ignored bad debt charges due to insufficient information, although it was impossible for Coalition members to supply such information at that time.

We have accumulated the actual bad debt percentages used by each Coalition member in their 1997 financial statements and the bad debt percentages currently being used in their 1998 projections. We asked each Coalition member to modify, if necessary, their bad debt projections to focus exclusively on amounts related to carriers which refused to remit 4th quarter, 1997 PCC payments and who have not raised any objection to their obligation to pay based upon regulatory issues. In other words, we asked each member to ignore the fact that certain carriers paid less than $0.284 per call and that certain carriers refused to pay due to state certification issues. Coalition members estimate that approximately 3%-10% of all PCC revenue will be uncollectible, or $0.009-$0.028 per call assuming PCC of $0.284.[8]

iv) Other Considerations

We continue to disagree with the Commissions' treatment of coin mechanism capital costs as an avoided cost for the following reasons.

a) But for coin calls, the majority of payphones would become unprofitable and cease to exist. Consequently, it is inappropriate to treat coin mechanism costs as avoided. Rather, they should be treated as a necessary cost and one that allows the set to exist for the use of coin and non-coin calls.

b) If we were to eliminate all costs related to handling coin calls (e.g., local usage, coin collection), the average cost per non-coin call goes up. Most payphone costs are fixed in nature and would be allocated to a smaller portion of overall calls were coin mechanism costs to be eliminated. Using Commission-provided data, we previously calculated the cost of carrying calls from a coinless payphone to be $0.638 to $0.796.[9] It is unrealistic to assume that the average PSP could collect coinless call compensation to cover the costs shown above.

c) As discussed in our previous reports, the Commission and many carriers have overstated the cost of coin handling mechanisms. For example, the New Hampshire Incremental Cost Study used by Hatfield Associates, Inc. in their October 10, 1995 "Payphone Compensation Cost Analysis" indicates that the difference between

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[8] The Coalition's estimate of bad debt is less than that reported by the APCC. APCC members, who have actual experience in dial around compensation, estimate that bad debt on PCC-eligible calls is $0.03. See, APCC Comments (August 26, 1997), at ppg. 14-15.

[9] See, Petition for Reconsideration of the RBOC/GTE/SNET Payphone Coalition, "Report of Arthur Andersen LLP, Second Report and Order: Issues for Reconsideration", Carl R. Geppert (December 1, 1997), at pg. 4 [hereinafter "Andersen December 1, 1997 Report"].

coinless and coin paystations is $35.[10] Similarly, we previously collected coin and coinless station cost data from the Coalition, which indicated an average coin mechanism cost of $203 (including additional installation costs).[11] Based upon our estimate of $203, we computed the per-call impact to be $0.0062.[12] Our calculations are different from the FCC's estimate of $0.031[13] for the following reasons:

- The FCC did not rely upon the difference in coin and coinless station costs as shown in the New Hampshire Incremental Cost Study.
- The FCC relied upon AT&T's estimates of the cost of a coinless payphone (the 11A coinless payphone) which is not representative of the Coalition's mix of payphones. These payphones account for less than 1% of all Coalition payphones.
- The 11A coinless payphone used by the FCC is not of equal durability to the average coin payphone and is frequently located indoors. Based upon Coalition-provided data, approximately 93% of Coalition coinless payphones similar to the 11A are located at indoor facilities due to durability issues.[14]
- AT&T's coinless payphone cost estimates ignored the AT&T 2000 coinless payphone. We estimated that this state-of-the art coinless payphone costs between $2,000 and $4,000 (i.e., significantly higher than the average coin payphone).[15] Were AT&T to have included these set types, the calculation of coin mechanism costs would decrease significantly.

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[10] "New Hampshire Incremental Cost Study" (1993), Attachment 2. The study shows the average cost per set of an outdoor public coinless is $1,289.19 and the cost of an outdoor public coin station is $1,324.56, a difference of $35. Similarly, the study shows the cost of a coinless, public, indoor station is $300.39 and the cost of a coin, public indoor station is $335.76, a difference of $35.

[11] See, Andersen December 1, 1997 Report, at ppg. 7-8.

[12] Id, at pg. 8.

[13] Second Report and Order, at 53.

[14] See, Andersen December 1, 1997 report, at pg. 3.

[15] See, "Further Report of Arthur Andersen on Avoided Costs for Coin and Coinless Payphones, and Amended Critique of AT&T's Cost Model", Carl R. Geppert (October 1, 1997), at pg. 3.

The above statistics clearly show that the provision of payphone service is dependent upon the availability of coin mechanisms. Therefore, coin mechanism costs should not be treated as avoided and should not be deducted from the market rate.

v) Summary

The following table summarizes our market-based PCC calculation using the net avoided cost methodology.

Adjustment Category	Per-Call Amount
Market Rate	Local Coin Rate
Less: Avoided Costs	
Local transport charges	($0.025 - $0.030)
Coin collection and counting charges	($0.02)
Add: Costs Exclusive to PCC Calls	
ANI ii charges	$0.010 - $0.021
Interest on delayed PCC payments	$0.011
Additional PCC collection costs	$0.0005 - $0.008
PCC uncollectible costs	$0.009 - $0.028
PCC Based Upon Net Avoided Costs	Local Coin Rate – $0.015 to Local Coin Rate + $0.018

SECTION II: COALITION SHARE OF TOTAL PAYPHONES IN THE UNITED STATES

We were asked to calculate the Coalition's share of all payphones in the United States for 1996 and 1997. Using Coalition station counts and publicly available financial information, we calculated the Coalition's share as follows:

	1996	1997
Coalition Payphones	1,399,600	1,381,800
Total Payphones	2,000,000[16]	2,100,000[17]
Share	70%	66%

Attached is my curriculum vitae.

ARTHUR ANDERSEN LLP

by Carl R. Geppert (TDC)
Carl R. Geppert

[16] See, Peoples Telephone Company, Inc., Form 10-K (December 31, 1997), at pg. 4.
[17] See, Davel Communications Group, Inc., Form 10-K (December 31, 1997), at pg. 3.

CARL R. GEPPERT

CURRICULUM VITAE

RELEVANT SKILLS AND EXPERIENCE

Carl is a partner in the Denver office of Arthur Andersen and is a member of the Firm's Global Communications and Entertainment Group. He has over 18 years of experience in assisting communications companies address significant financial, regulatory and business issues. Carl's experience includes:

- Serves as the overall engagement partner for our financial statement and Part 64 cost allocation audits at US WEST Communications, Inc. and subsidiaries. Prior to transferring to the Denver office in September 1996, Carl was a partner in the Chicago office of Arthur Andersen. He served as the overall audit engagement partner for our financial statement audits at Ameritech's landline communications companies and several of Ameritech's nonregulated subsidiaries and Part 64 cost allocation audit work at Ameritech Corporation and subsidiaries.

- Directs our Firm's regulatory audit and consulting activities and developed our Firmwide approach to Part 64 cost allocation audits. Serves as our Firm's primary interface with the Federal Communications Commission (FCC) in addressing Part 64 and related regulatory issues. Serves as Part 64 audit engagement partner at US WEST and Ameritech and advisory partner on our Part 64 audits at GTE, Alltel and SNET. Has conducted special seminars regarding the Part 64 Rules and audit requirements for the FCC Accounting and Audits Branch and for several audit and non-audit clients. Consults regularly with communications clients regarding regulatory matters, including issues involving the proper application of the Part 32 Uniform System of Accounts (USOA) and the Part 64 Cost Allocation Rules.

- Serves as our Firm's Communications Industry accounting and audit technical coordinator for local exchange carriers. Has directed numerous projects within the communications industry in the areas of domestic and international regulatory and costing matters, pay telephone costing and regulatory strategy, accounting and cost allocation, process reengineering, revenue assurance, separations and settlements, switched and special access billing, financial forecasting and internal controls.

- Serves as the Arthur Andersen representative on the Telecommunications Subcommittee of the Public Utilities Committee of the AICPA.

- Directs our Firm's Communications Industry training program and develops and conducts training seminars on the telecommunications regulatory accounting process, accounting for income taxes, the rate case process and service cost concepts for communications industry personnel. Has instructed over 100 training seminars in the communications industry.

- Has directed our work for the RBOC/GTE/SNET payphone coalition from May 1996 to the present. Has filed several affidavits and participated in ex parte meetings with the FCC, addressing pay telephone per call compensation pricing issues and asset reclassification/cost accounting safeguard issues in response to Section 276 of the Telecommunications Act of 1996.

- Has served as an accounting and consulting expert in several regulatory proceedings and has provided expert affidavits and testimony. Recent engagements include:

  - Filed an expert affidavit and participated in ex parte meetings with the FCC in conjunction with the United States Telephone Association's Petition for Reconsideration of the FCC's Second Report and Order in CC Docket No. 96-149.

  - Filed an expert affidavit in conjunction with a U S WEST Communications state of Washington rate proceeding regarding regulatory policies and rate levels.

  - Directed a project to assess the profitability of inside wire installation and maintenance services and provided testimony in a recent proceeding for Ameritech-Illinois and affidavits in recent proceedings for Ameritech's telephone operating companies in Indiana, Michigan, Ohio and Wisconsin.

  - Authored our Firm's comments in several FCC proceedings, most recently the proceeding to implement the Section 272 biennial audit requirements pursuant to CC Docket No. 96-150.

  - Directed U.S. project teams participating in studies performed in Spain, France and Germany to assist in the development of interconnection prices and regulatory models by analyzing regulatory models, interconnection costing and pricing methods and cost of capital methodologies used in various countries.

  - Served as subject matter expert in U.S. regulatory and costing matters in connection with a project to examine accounting separations processes for the European Commission and develop interconnection policies and procedures.

- Directs projects to analyze the fair market value of services provided between local exchange carriers and their nonregulated affiliates in accordance with the FCC's affiliate transaction rules as modified in CC Docket No. 96-150. Has consulted with numerous clients on the application of the FCC's new affiliate transaction rules.

- Directs our Firm's telecommunications revenue assurance consulting practice. Has directed projects to analyze business processes, internal controls and systems controls over end user, carrier and miscellaneous revenues, including extensive consulting on local exchange carrier internal control procedures and operating efficiencies in the areas of customer and carrier access billing, purchased accounts receivable and settlement processing.

- Consults extensively on the design, implementation and audit of systems and procedures for Part 64 cost allocations, and compliance with the Part 32 USOA, specifically the affiliate transaction, cost capitalization and basic property record requirements.

- Assists in rate filings by reviewing forecasted data, analyzing historical data and developing and reviewing expert testimony on a variety of complex accounting and tax issues. Developed a P.C.-based Pricing Analysis Tool to assist companies evaluate alternative regulatory strategies at the Federal and state levels.

REPRESENTATIVE CLIENTS

US WEST	ATU Telecommunications
Ameritech	Alltel
Bell Atlantic	Citizens Utilities
BellSouth	GTE
NYNEX	SNET
Pacific Telesis	Sprint
SBC Communications	United States Telephone Association

EDUCATIONAL AND PROFESSIONAL BACKGROUND

Carl holds Bachelor and Master of Science degrees in accounting from the University of Illinois. He is a CPA in the states of Colorado and Illinois and is a member of the American Institute of Certified Public Accountants, Illinois CPA Society and the Accounting and Tax Committee of the Illinois Telephone Association.

CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of July, 1998, I caused copies of the foregoing RBOC/GTE/SNET Payphone Coalition's Comments on Remand Issues to be served upon the parties on the attached service list by first-class mail.

John Medel

John Medel

FEDERAL COMMUNICATIONS COMMISSION
Implementation of the Pay Telephone Reclassification and
Compensation Provisions of the Telecommunications Act of 1996
CC Docket No. 96-128, Second Report and Order

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